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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, June 12

NIKKEI (Page 2) (Full)

June 13, 2008

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09:40

Met at the Kantei with LDP Policy Research Council Chairman Tanigaki and Fiscal Reform Council Chairman Yosano and others. Tanigaki stayed on, joined in by Special Committee to Revitalize Japan Chairman Nemoto and others.

10:03

Met Chinese Ambassador to Japan Cui Tiankai, Hyogo Earthquake Memorial 21st Century Research Organization Chief Director Kaihara and others.

10:21

Attended the inaugural meeting of the parliamentary league to promote cereals, held at LDP headquarters.

10:59

Held talks with Prime Minister Rudd of Australia.

11:55

Held a joint press conference.

12:13

Hosted a luncheon meeting.

13:03

Attended a Lower House plenary session.

14:04

Met Chief Cabinet Secretary Machimura at the Kantei.

15:32

Attended a government, ruling party council meeting on a review of the medical insurance system for people 75 and older. Afterward, met Regulatory Reform Ministry of Consumer Affairs Kishida in the presence of Machimura and Deputy Chief Cabinet Secretary Futahashi.

16:41

Met former Prime Minister Mori, LDP Committee to Strengthen Diplomatic Power Secretary General Motegi and others.

17:21

Attended a National Council on Social Security meeting.

19:13

Dined at a Chinese restaurant in Kudankita with LDP Secretary General Ibuki, General Council Chairman Nikai, Diet Affairs Committee Chairman Oshima, Machimura, and others.

20:47

Returned to his official residence.

4) Lower House passes confidence motion for Fukuda

YOMIURI (Page 2) (Full)

June 13, 2008

The Lower House in its plenary session yesterday approved a confidence motion for the Fukuda cabinet, jointly submitted by the ruling Liberal Democratic Party (LDP) and its junior coalition partner New Komeito under Article 69 of the Constitution, by a majority of votes from those two parties and others. Three opposition parties - the Democratic Party of Japan (DPJ), the Social

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Democratic Party (SDP), and the People's New Party (PNP) - abstained from voting, but the Japanese Communist Party (JCP) attended the session and voted against the motion.

This was the second time for a confidence motion in the cabinet to be approved, following the one for the Miyazawa cabinet in 1992.

The ruling parties plan to decide at a Lower House plenary session today to extend the current session of the Diet for six days through June 21 in order to secure the time necessary for automatic approval of an economic partnership agreement with ASEAN.

The DPJ and some opposition parties plan to boycott deliberations during the current Diet session as a censure motion against the prime minister was approved in the Upper House on June 11. The current Diet session has in effect closed.

5) Prime Minister Fukuda determined to continue steering administration

YOMIURI (Page 4) (Full)
June 13, 2008

Prime Minister Yasuo Fukuda dined last night with Liberal Democratic Party (LDP) Secretary General Bunmei Ibuki and some LDP General Council members in a Chinese restaurant in Tokyo. According to participants, Fukuda showed his determination to continue steering his administration, saying: "I will do my best so that my administration will not run into turbulence."

6) Saiki hints that North Korea offered new proposal on abduction issue

MAINICHI (Top Play) (Slightly abridged)
June 13, 2008

(Takashi Sudo, Beijing)

Speaking before reporters after the end of the second day of working-level talks between Japan and North Korea in Beijing on June 12, Akitaka Saiki, director general of the Foreign Ministry's Asian and Oceanian Affairs Bureau, indicated that North Korea made a new proposal to move forward the dispute over the past abductions of Japanese nationals by North Korean agents. The talks were held with the aim of resuming negotiations to normalize bilateral diplomatic ties under the six-party framework. Saiki said: "We had in-depth exchanges on very important issues, including the abduction issue, in a constructive atmosphere. Both sides agreed on how to promote relations between Japan and North Korea and engaged in productive discussions."

Saiki is scheduled to return home this afternoon. He did not disclose the specific contents of the proposal from North Korea, saying: "I will report on the details of the proposal to Prime Minister Yasuo Fukuda and other senior government officials and seek their judgments, evaluations, and instructions." After the Japan-North Korea talks, Saiki also met with Vice Foreign Minister Wu Dawei of China, the chair of the six-party talks.

In some previous negotiations, North Korea had said that the abduction issue has already been settled. But Saiki said that North Korea refrained from using that phrase. A source engaged in the

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negotiations said: "Although the next round of talks has yet to be determined, both sides will inevitably have to meet again,"

indicating that Japan and North Korea will hold another round of talks to express their respective views on North Korea's new proposal.

The source also said: "The two countries share the view that they should promote bilateral ties under the six-party framework, based on the Pyongyang Declaration."

Japan requested in the first day of the meeting that North Korea hand over the Japanese radicals who hijacked a JAL plane and took it to North Korea. This issue was also discussed in the second day of the meeting. It is conceivable that the North made some proposal.

On the morning of the 12th, North Korea explained its position on the abduction issue. In the afternoon, both sides discussed such issues as Japan's wartime acts, including its colonization of the Korean Peninsula, Japan's economic cooperation after the two countries normalize their diplomatic ties, and the return of cultural assets.

7) In-depth discussion held on pending issues in Japan-DPRK talks

ASAHI (Page 1) (Full)

June 13, 2008

Toru Tamagawa, Beijing, and Yoshihiro Makino

The two-day formal talks in Beijing of working-level foreign affairs officials from Japan and North Korea wrapped up yesterday. The North Korean side appeared to make some kind of proposal to the Japanese side regarding outstanding issues, including the abductions of Japanese citizens. Details of the talks have yet to be disclosed. The Japanese negotiator is to return home today and seek a political decision from Prime Minister Fukuda.

Joining the talks from Japan was Akitaka Saiki, director-general of the Ministry of Foreign Affairs' Asian and Oceanian Affairs Bureau and from North Korea was Song Il Ho, ambassador for diplomatic normalization talks between Japan and North Korea. After the session, Saiki told reporters: "We had in-depth discussions about important pending issues between the two countries in a serious and constructive mood." When asked about the abduction issue, Saiki revealed that the North Korean side did not refer to it as its being already settled and implied that there were in-depth exchanges of views.

Speaking of the talks, Saiki said, "I will report on the results of the talks to the prime minister, the foreign minister, and the chief cabinet secretary and ask for their instructions." According to a Japanese official concerned with the talks, Saiki will visit the Kantei today and report to the prime minister about the details of the talks. Reportedly, Saiki is to brief the family members of abductees on the talks later in the day. The official indicated that the talks this time have produced a certain degree of results, noting, "The talks were tough, but we think we were able to catch a small fish but not a big one, though."

In the session yesterday, the North Korean side explained its position on the abduction issue and the issue of how to settle the past. According to an informed source, North Korea, which earnestly

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wants the United States to delist it as a state sponsor of terrorism, sounded out Japan about a plan to hand JAL hijackers over to Japan, with the presence of the hijackers in North Korea being one of the factors that led the U.S. to list North Korea as a state sponsor of terrorism. Also, the North Korean side urged Japan to lift its independent sanctions. Both sides apparently discussed the possibility of resuming the investigation into abductees.

Tokyo's stance is that even if those hijackers are sent back to Japan, that will not constitute progress on the abduction issue. Even if both sides reach agreement to restart the investigation into the abductees, there is a possibility that North Korea may use the resumption of the investigation to confirm its assertion that the abduction issue has been already settled.

8) Japan seeks cooperation from G-8 on abduction issue

NIKKEI (Page 2) (Full)
June 13, 2008

The first day of the G-8 justice and internal affairs ministerial took place on June 12 at a Tokyo hotel. Justice Minister Kunio Hatoyama and National Safety Commission Chairman Shinya Izumi, who co-chaired the meeting, sought cooperation from the G-8 on the abduction of Japanese nationals by North Korea. Participants made no special statements.

9) Former Prime Minister Abe: Japan should continue hard-line stance toward North Korea

ASAHI (Page 4) (Full)
June 13, 2008

Referring in a talk with Naigai News to the launch of a parliamentary group to place important on dialogue with North Korea, former Prime Minister Shinzo Abe yesterday argued that Japan should continue to take a hard-line stance against North Korea, noting: "If many Diet members, including influential legislators, take a lax response (to Pyongyang), negotiations will not work well. (Lax responses) do Japan absolutely no good."

Asked about the U.S. government's plan to delist North Korea as state sponsoring terrorism, Abe pointed out:

"If the United States were to delist the North as a state sponsor of terrorism, there is a possibility of a negative impact on the credibility of Japan-U.S. alliance. I want the U.S. to make a policy decision after considering the matter carefully."

Commenting on the abduction issue, Abe said: "Our perception is that until the abductees are repatriated, (North Korea is) a state of sponsor of terrorism."

10) Japan, U.S. to closely cooperate to resolve abduction issue

TOKYO SHIMBUN (Page 2) (Full)
June 13, 2008

Shinichiro Maki, Paris

Foreign Minister Masahiko Koumura met with U.S. Secretary of State Condoleezza Rice on June 12 in Paris. Both Koumura and Rice are now

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visiting France to attend an Afghanistan donor conference. The two agreed that since the six-party talks are coming to a crucial moment, Japan and the United States will continue to cooperate on the abduction issue.

Koumura said: "Japan would like to have the Afghan issue on the main agenda for the Group of Eight summit in Hokkaido." He indicated that Japan as chair of the G-8 would attach importance to the Afghan issue.

11) Foreign Minister Koumura suggests a willingness to relax sanctions against North Korea following progress on abduction issue

NIKKEI (Page 2) (Full)
June 13, 2008

Foreign Minister Masahiko Koumura, holding a meeting with U.S. Secretary of State Condoleezza Rice in Paris on June 12, said about Japan-DPRK talks: "If North Korea takes a step forward, Japan, too, will take a step forward." Koumura's statement reflects the government's willingness to consider easing sanctions and other steps if the North responds to Japan's calls for progress on the abduction issue.

12) G-8 finance ministerial to start today

MAINICHI (Page 9) (Full)
June 13, 2008

The two-day Group of Eight nations finance ministerial, joined by Japan, the U.S. European countries and Russia, will start in Osaka on June 13. The focus of the meeting will be to what extent participants can agree to cooperate over measures on a growing concern about global inflation due to the rise in crude oil prices linked to the weak yen, the steep rise in grain prices, and the global warming issue.

The G-8 finance ministerial will start on the evening of the 13th at a dinner meeting joined by finance ministers and officials from Australia, Thailand, China, South Korea Brazil and South Africa as well as the G-8 member nations. Japan, the host nation, will aim at strengthening cooperation with Brazil and China for the prevention of global warming in the run-up to the G-8 Summit to be held in Hokkaido in July.

Discussions at the plenary meeting on the 14th will focus on the movements of the global economy and the turmoil in the financial market following the subprime mortgage crisis. The meeting will close on the 14th, after releasing a joint statement on the afternoon.

Talks between Finance Minister Fukushiro Nukaga and U.S. Treasury Secretary Paulson will take place on the afternoon of the 13th prior to the G-8 finance ministerial. The stance of the U.S., which has recently repeatedly issued statements checking the weak-yen trend, will be watched with attention.

13) Justice Minister Hatoyama eager for legislation to restrict child pornography

ASAHI (Page 38) (Full)
June 13, 2008

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Justice Minister Hatoyama met with U.S. Attorney General Mukasey yesterday on the sidelines of the ongoing Group of Eight (G-8) justice ministers and internal affairs ministers meeting in Tokyo prior to the Lake Toya Summit in Hokkaido. Hatoyama emphasized that he would make utmost efforts to enact a bill banning "simple possession" of child pornography. "Fighting the sexual exploitation of children" is high on the agenda at the G-8 meeting. Hatoyama said: "I would like to commit myself to enacting the legislation in a positive manner." Mukasey stated: "Every single pornographic picture of child is a crime against children. No one wants to live in a society that allows (people to possess) pornography."

14) Fukuda plans to submit to extra Diet a bill extending MSDF refueling operation

YOMIURI (Page 1) (Excerpts)
June 13, 2008

Prime Minister Fukuda decided yesterday to submit to the next extraordinary Diet session a bill extending the Antiterrorism Special Measures Law, the legal basis for the Maritime Self-Defense Force's refueling operation in the Indian Ocean, for one year beyond its January 2009 expiry. The prime minister concluded it would be necessary to continue the refueling activities in order for Japan to cooperate with other countries in the war on terrorism. The legislation is defined as the top priority in the next Diet session. If the bill is voted down in the House of Councillors, where the main opposition Democratic Party of Japan dominates, the ruling coalition of the Liberal Democratic Party and its junior partner New Komeito plan to pass the bill by approving it for a second time at the House of Representatives, where they hold a two-thirds majority, to enact it before the end of the year.

Although there have been growing calls to establish a permanent law on the overseas dispatch of the SDF, opinion on the issue in the ruling parties is still divided. As such, the prime minister, concluding that enacting a permanent law within this year is

difficult, has decided to give priority to amending the existing special measures law.

15) LDP executive suggests possible ASDF withdrawal from Iraq

MAINICHI (Page 5) (Excerpts)
June 13, 2008

An Liberal Democratic Party executive said yesterday about the Air Self-Defense Force, which has been dispatched to Iraq: "In view of the Constitution and Japan's political situation, it would be extremely difficult (to continue the deployment) after a U.N. resolution expires." He thus indicated that there could be an ASDF withdrawal before the end of the year, citing the fact that the U.N. resolution, the legal basis for the multinational forces in Iraq, is to expire at the end of December. This is the first case that any government or ruling party member has referred to the possibility of an ASDF withdrawal within the year.

Touching on the legal grounds after the U.N. resolution expires, the LDP executive indicated that a continued deployment would be difficult, saying: "Concluding a status of forces agreement with Iraq would be one idea, but things are not going well for the United States, either."

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16) Fukuda, Rudd reconfirm Japan, U.S., Australia cooperation; Concerns eased for time being

NIKKEI (Page 2) (Full)
June 13, 2008

In their meeting yesterday, Prime Minister Yasuo Fukuda and visiting Australian Prime Minister Kevin Rudd reconfirmed trilateral security cooperation among Japan, Australia and the United States. Japan and Australia appear to have eased concerns that Rudd, who advocates the need for strengthening bilateral relations between Australia and China, may have been more cautious than former Australian Prime Minister John Howard about trilateral security cooperation.

It is the first time for Rudd to visit Japan since taking office last December. In the summit, Fukuda told Rudd: "Both countries are allies of the United States and we are indispensable partners for peace and stability of the Asia-Pacific region." He then proposed strengthening security cooperation among Japan, the U.S., and Australia. Rudd responded: "I absolutely agree with you." However, a government source said: "Rudd has taken a cautious stance toward a dialogue among Japan, the U.S., Australia, and India, to which China is opposed."

17) Japan formally announces additional aid totaling 62.2 billion yen to Afghanistan over several years

YOMIURI (Page 4) (Full)
June 13, 2008

The 4th round of the International Conference on Reconstruction Assistance to Afghanistan started at a convention hall in Paris on the morning of June 12. Foreign Minister Kourumura in a speech formally announced Japan's policy of extending additional aid totaling 550 million dollars (approximately 62.2 billion yen) to the Afghanistan government and international agencies.

18) LDP Diet members' group advocates Japan accept 10 million immigrants 50 years from now

TOKYO SHIMBUN (Page 2) (Full)
June 13, 2008

A group of Liberal Democratic Party Diet members to promote foreign personnel exchanges, led by former LDP Secretary General Hidenao Nakagawa, has put together policy proposals for a national immigration policy. The report released yesterday proposes that Japan should be prepared to see immigrants account for 10 PERCENT of its population 50 years from now.

The report stresses that Japan should aim to become an immigration-oriented nation in order to maintain its vitality in an aging society with a declining birthrate. It proposes introducing a Japanese-style immigration policy to help foreigners to be able to settle down in local communities. The report also suggests the goal of setting up an immigration agency responsible for immigration administration within three years.

19) Economic outlook in monthly report to be revised downward

MAINICHI (Page 2) (Full)

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June 13, 2008

The government has started coordination with the possibility of revising downward the economic outlook in the monthly economic report for June. The move is in response to the economy increasingly slowing due to the rise in prices of raw materials. Such phrases as "weakness is observable in some areas" will be added to the overall economic assessment, which notes that the recovery of the economy has been at a standstill.

The previous reports noted that production was leveling off and the pace of the growth of exports was slowing. However, the government has decided to revise downward the economic outlook, taking into consideration the facts that the industrial production index has declined for two months in a row and that robust Asia-bound exports have begun showing signs of slowing.

The government revised downward the overall economic assessment in the monthly report for March to say that "the economy is at a standstill," indicating that the economy entered a temporary slump.

It has since maintained the overall outlook in the following three months. If it further revises downward the overall outlook in the June monthly report, concern about a recession will likely grow further.

20) Action program for low-carbon society: Government clarifies in draft basic policy guidelines for 2008

NIKKEI (Page 2) (Full)

June 13, 2008

The draft of basic policy guidelines on economic and fiscal management and structural reforms for the fiscal 2008 national budget, which the government is expected to compile in late June, was revealed yesterday, June 12. Regarding global warming measures, which will become a main item on the G-8 agenda, the draft incorporates a government plan to formulate an action program for the creation of a low-carbon society before the end of this fiscal year.

For the drastic reform of the tax code, the report mentions that the inheritance tax will be reviewed in a comprehensive way to ensure fairness among generations. It also notes that stable fiscal resources that will support social security should be secured. However, it does not mention any concrete measures to be taken to achieve that end, such as a consumption tax hike. The report includes tax benefits for the dissemination of "200 year housing," one of the policy themes into which the prime minister is putting a lot of work. The draft will be presented at a meeting of the Council on Economic and Fiscal Policy to be held on the 17th. The prime minister earlier revealed his policy of reallocating special-purpose road construction revenues for other uses, but the draft does not mention specifics.

21) Senkaku issue rekindles in Taiwan; Presidential Office plays up Taiwan's claim to islands

TOKYO SHIMBUN (Page 7) (Abridged)

June 13, 2008

The question of sovereignty of the Senkaku Islands, known as Diaoyu

in China and Tiaoyu in Taiwan, has flared up again in Taiwan in the wake of an accident in which a Taiwanese fishing boat sank after colliding with a Japan Coast Guard patrol boat near the islands on June 10. The Taiwanese Presidential Office released a statement on the evening of June 12 renewing its claim that (the Senkaku Islands) are part of the territory of the Republic of China.

The statement says: "Harshly protesting the fact that the Japanese marine vessel has sunk the Taiwanese fishing boat in our territorial waters and has taken the boat's captain into Japanese custody, we demand the captain's release and compensation."

A Taiwanese foreign affairs department official, holding a press conference yesterday, indicated that Taiwan would uphold its claim over the islands. The department chief also yesterday called representative Ikeda of the Interchange Association, Japan (IAJ), Taipei office -- Japan's point of contact with Taiwan -- to his department and expressed Taiwan's "harshest standpoint" once again. On the day the accident occurred, the department had issued a statement that stopped short of mentioning the sovereignty issue. This prompted on June 11 Kuomintang lawmakers and others to criticize the government as week-kneed.

The Kuomintang-affiliated Taipei governor, visiting the IAJ office yesterday, demanded an apology and compensation. Around the office, Taiwanese fishermen also staged a protest rally against Japan.

SCHIEFFER